

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 IO-10 ISO-00 ACDA-05 CIAE-00 INR-07 L-03

NSAE-00 NSC-05 EB-07 NRC-05 OES-03 FEAЕ-00 DODE-00

ERDA-05 PM-04 H-02 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 SAJ-01 /101 W

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R 091808Z OCT 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3525

INFO AMEMBASSY PRETORIA

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY LUSAKA

USMISSION IAEA VIENNA

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E.O. 11652: NA

TAGS: PARM, TECH, SA, PFOR, GW

SUBJECT: WEST GERMAN COMMENTS ON NUCLEAR TIES WITH
SOUTH AFRICA.

REF: BONN 16108

1. SUMMARY: DEBATE OVER EFFORTS BY GERMAN FIRM TO WIN
CONTRACT FOR REACTOR PROJECT IN SOUTH AFRICA HAS KEPT
POT BOILING OVER NEURALGIC ISSUE OF WEST GERMAN-
SOUTH AFRICAN TIES IN NUCLEAR FIELD. END SUMMARY.

2. DEBATE IS MOUNTING OVER EFFORT BY MAJOR WEST
GERMAN FIRM, KRAFTWERK-UNION (KWU). TO OBTAIN CONTRACT
TO BUILD NUCLEAR REACTOR IN SOUTH AFRICA. REACTOR
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REPORTEDLY INVOLVES TWO 1 000-MW UNITS, WITH TOTAL

VALUE BETWEEN DM 1.5 AND 2 BILLION (\$575-770 MILLION). SO FAR, PRESS COMMENT -- E.G.. INFLUENTIAL FRANKFURTER ALLGEMEINE AND HANDELSBLATT -- HAS STRONGLY FAVORED SALE OF REACTOR TO SAG, ON GROUNDS THAT FRG (A) BADLY NEEDS TO BOOST ITS EXPORTS OF HIGH-TECHNOLOGY GOODS, AND (B) CAN HARDLY SELL REACTOR TO USSR (KALININGRAD PROJECT) WHILE REFUSING ONE TO SAG. PRESS ALSO STRESSES SAG'S GROWING IMPORTANCE AS FRG TRADING PARTNER, IN PARTICULAR AS SOURCE OF RAW MATERIALS SUCH AS NATURAL URANIUM.

3. IN RECENT DAYS, THREE FRG OFFICIALS HAVE COMMENTED ON REACTOR PROJECT.

A. OCT. 6 FRG SPOKESMAN BOELLING DENIED EARLIER REPORTS OF RIFT BETWEEN MINECON FRIDERICH AND FONMIN GENSCHER, ACCORDING TO WHICH FRIDERICH FAVORED REACTOR SALE ON FOREIGN TRADE GROUNDS, WHILE GENSCHER HAD RESERVATIONS DUE TO POLITICAL REACTION ABROAD. BOELLING ALSO DENIED THAT KWU HAD APPLIED FOR FRG EXPORT CREDIT INSURANCE (HERMES GUARANTEE) FOR REACTOR PROJECT -- A STATEMENT HE RETRACTED ON OCT. 8 WHEN HE SAID THAT FIRM HAD APPLIED LAST SPRING. BOELLING WENT ON TO SAY THAT FRG HAS NOT YET RULED ON KWU APPLICATION, WHICH IS LINKED TO MORE BASIC QUESTION OF WHETHER TO APPROVE EXPORT OF NUCLEAR REACTOR TO SAG; THAT HERMES APPLICATION HAS TWICE BEEN ON AGENDA OF INTERMINISTERIAL COMMITTEE WHICH HANDLES EXPORT CREDIT REQUESTS, AND HAS TWICE BEEN PASSED OVER AT REQUEST OF FOREIGN MINISTRY; AND THAT KWU RECENTLY ASKED FRG TO CONSIDER TWO QUESTIONS SEPARATELY -- I.E., TO PASS FIRST ON ITS APPLICATION FOR HERMES GUARANTEE.

B. ALSO ON OCT. 8, FONMIN STATE SECRETARY WISCHNEWSKI REAFFIRMED THAT BONN DOES NOT, AND WILL NOT HAVE NUCLEAR COOPERATION WITH PRETORIA.

C. PRESS REPORTS OCT. 8 REMARKS IN WASHINGTON BY RESEARCH/TECHNOLOGY MINISTER MATTHOEFER IN WHICH HE ARGUES FOR SALE OF REACTOR TO SAG (ALSO TO IRAN). HANDELSBLATT QUOTES MATTHOEFER TO EFFECT THAT: THERE IS NO REASON FOR FRG TO OPPOSE SALE IF SAG SUBMITS TO SAME INSPECTION COMMITMENTS AS BRAZIL HAS DONE;

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CURRENT DEBATE OVER REACTOR SALE DUE TO "COMMUNIST-INSPIRED SMEAR CAMPAIGN"; "IN PRINCIPLE WE DELIVER TO EVERYONE. IN THIS REGARD WE CANNOT DISTINGUISH BETWEEN GOOD AND EVIL. ANY WEST GERMAN REFUSAL TO COMPETE FOR REACTOR CONTRACT WOULD NOT ALTER SAG POLITICAL SITUATION BECAUSE OTHERS WOULD THEN GET THE BUSINESS." REFERRING TO IMPORTANCE OF LARGE CONTRACTS FOR PROFITABILITY OF WEST GERMAN REACTOR

INDUSTRY, MATTHOEFER ALSO STRESSED THAT AT A MINIMUM KWU MUST OBTAIN SIX 1200-MW CONTRACTS PER YEAR. (HIS STATE SECRETARY, HAUFF, MADE SIMILAR POINT OCT. 7 IN BASEL WHEN HE NOTED THAT EXPORT OF LARGE TECHNICAL FACILITIES IS ESSENTIAL TO MAINTENANCE OF CURRENT WEST GERMAN STANDARD OF LIVING AND THAT WEST GERMAN NUCLEAR INDUSTRY ALREADY EMPLOYS 25,000 PERSONS.)

4. ANTI-APARTHEID GROUPS CONTINUE TO LOBBY AGAINST FRG INVOLVEMENT WITH SAG. PRESS REPORTS THAT SOUTH

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AFRICAN LIBERATION MOVEMENT NATIONAL CONGRESS (ANC)

RELEASED NEW DOCUMENTS OCT. 8 TO BOOST ITS EARLIER CHARGES OF FRG SAG MILITARY/NUCLEAR COOPERATION. SAME DATE, ANOTHER GROUP RELEASED OPEN LETTER TO CHANCELLOR SCHMIDT URGING HIM TO QUASH QUOTE .SOUTH AFRICA PROJECT (PRESUMABLY IN REFERENCE TO REACTOR CONTRACT, THOUGH ANC HAD TRAINED EARLIER FIRE ON ALLEGED CO-OPERATION IN URANIUM ENRICHMENT). BOTH GROUPS ACCUSED FRG OF HELPING SAG, INDIRECTLY, TO MAKE ATOM BOMB.

5. WEST GERMAN COMPANIES HAVE BEEN DRAWN FURTHER INTO THIS DEBATE. IN ANSWER QUERY FROM FRANKFURTER LIMITED OFFICIAL USE

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ALLGEMEINE,STEAG POWER COMPANY ACKNOWLEDGED IT IS CONDUCTING FEASIBILITY STUDY TO COMPARE ITS JET-NOZZLE PROCESS WITH SOUTH AFRICAN ONE. KWU ANNOUNCED OCT.7 THAT SAG WILL AWARD REACTOR CONTRACT BY NEXT MARCH AND EMPHATICALLY DENIED THAT CONTRACT INVOLVES QUOTE SENSITIVE FACILITIES. -- I.E., URANIUM ENRICHMENT TECHNOLOGY. IN RELATED DEVELOPMENT, FEDERATION OF GERMAN INDUSTRY (BDI) ANNOUNCED IT IS SENDING HIGH-LEVEL GOOD-WILL.' MISSION TO SOUTH AFRICA NOV. 2-8. BDI SPOKESMAN CLAIMED THAT GROUP WILL DISCUSS GENERAL QUESTIONS OF SOUTH AFRICAN ENERGY SUPPLY, BUT NOT COMPETITION FOR NUCLEAR REACTOR CONTRACT. HE COULD NOT SAY WHETHER KWU REPS WOULD BE ON DELEGATION.

6. COMMENT: LEAK OF DOCUMENTS FROM LOCAL SAG EMBASSY TO DER SPIEGEL AND OTHER JOURNALS, INSINUATION -- AND SUBSEQUENT BACKGROUNDED DENIALS -- THAT FRG HAS SOUGHT RECALL OF SAG AMBASSADOR SOLE, CONTINUING FALLOUT FROM RALL AFFAIR, DEBATE ON REACTOR CONTRACT AND CHARGES OF URANIUM ENRICHMENT COLLABORATION MAKE FOR CONTINUED LIVELY AIRING OF FRG NUCLEAR TIES WITH SAG, OFFICIAL AND OTHERWISE. END COMMENT.
HILLENBRAND

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